

2004 FINAL CHAPTERED BILLS LIST THAT AFFECT THE STATE DEPARTMENT OF INSURANCE

CA AB 254	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Montanez (D) Health Care Coverage no 06/23/2004 64 Eliminates "Senior" state-only COBRA in favor of federal HIPAA continuation coverage as of 1/1/05.
CA AB 263	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Oropeza (D) Corporation Taxes: Deduction: Insurance Company no 09/29/2004 868 Allows a dividends received deduction with respect to qualified dividends received by a corporation during the taxable year from a corporation that is an insurer, whether or not the insurer is engaged in business in the state. Applies special rules to dividends received from an insurance company that insures risks of a member of the insurance company's common controlled groups. Authorizes certain requirements by the Franchise Tax Board.
CA AB 321	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Cogdill (R) Health Care Service Plans: Contract Termination yes 09/09/2004 411 Requires health care service plans regulated by the Department of Managed Health Care to make available to group subscribers the termination date of all major health care provider contracts for services in the geographic area for which the group subscriber has secured coverage when the contract specifies a termination date.
CA AB 421	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Steinberg (D) Property Insurance: Subsidized Housing no 09/24/2004 771 Requires the Insurance Commissioner to conduct a study of the market for property and liability insurance for nonprofit corporations that provide subsidized low- and moderate-income rental housing.
CA AB 700	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Diaz (D) Insurance yes 06/14/2004 47 Provides that an insurer that anywhere transacts or is licensed to transact any class of insurance other than financial guaranty insurance, surety insurance and credit insurance shall <u>not</u> be eligible for a certificate of authority to transact financial guaranty insurance in CA. In other states, however, an insurer may assume those classes of insurance if it is authorized to transact those lines in other states. Also relates to maintaining capital, surpluses and reserves of financial guaranty insurers.

CA AB 1079 **AUTHOR:** Bermudez (D)
 TITLE: Automotive Repair
 URGENCY CLAUSE: no
 ENACTED: 09/29/2004
 CHAPTER: 874
 SUMMARY:
 Relates to the Automotive Repair Act that establishes the Bureau of Automotive Repair, which provides for the registration and regulation of automotive repair dealers, under the Department of Consumer Affairs. Defines the term customer. Authorizes a customer to designate in writing another person to authorize repairs in excess of the estimate amount. Authorizes the bureau to adopt regulations pertaining to the designation process.

CA AB 1175 **AUTHOR:** Koretz (D)
 TITLE: The Holocaust and Genocide
 URGENCY CLAUSE: no
 ENACTED: 08/27/2004
 CHAPTER: 364
 SUMMARY:
 Extends the operation of the Holocaust, Genocide, Human Rights and Tolerance Education Act of 2003 that establishes a task force to act as an advisory body and a Center for Excellence on the study of such as a pilot program at the California State University, Chico, to promote education regarding the Holocaust, genocide, human rights and tolerance.

CA AB 1227 **AUTHOR:** McCarthy (R)
 TITLE: Insurance Fraud: Investigative Units
 URGENCY CLAUSE: no
 ENACTED: 09/20/2004
 CHAPTER: 596
 SUMMARY:
 Requires the Insurance Commissioner, upon good cause, to notify an insurer of its noncompliance with existing law that requires every insurer admitted in the state to maintain a unit or division to investigate possible fraudulent claims by insureds or persons making claims against policies. Requires an insurer to take certain actions after receiving the notice. Establishes monetary penalties for violations.

CA AB 1596 **AUTHOR:** Frommer (D)
 TITLE: Health Benefits
 URGENCY CLAUSE: no
 ENACTED: 07/15/2004
 CHAPTER: 164
 SUMMARY:
 Requires a health care service plan and a health insurer to make comparative benefit matrixes which compare certain benefits available through a link on their Internet web sites to the sites of the Department of Managed Health Care and the Department of Insurance. Provides the duration of covered services by the above entities for a patient with a terminal illness beyond the termination of a provider may exceed 12 months beyond the termination.

CA AB 1694 **AUTHOR:** Wiggins (D)
 TITLE: Bail Services: Solicitation
 URGENCY CLAUSE: no
 ENACTED: 07/15/2004
 CHAPTER: 165
 SUMMARY:
 Provides that no bail licensee may employ, engage, solicit, pay or promise any payment, compensation, consideration or thing of value to any person incarcerated in any prison, jail or other place of detention for the purpose of that person soliciting bail on behalf of the licensee. Provides that a violations would be a misdemeanor.

CA AB 1728 **AUTHOR:** Assembly Insurance Committee
TITLE: Insurance Company Regulation: Disability Insurance
URGENCY CLAUSE: no
ENACTED: 09/20/2004
CHAPTER: 599
SUMMARY:
Requires filing of quarterly and annual financial statements exhibiting the condition and affairs of an insurer to Insurance Commissioner and NAIC. Conforms California law to the NAIC Model Holding Company Act relating to insurer investments. Requires funds from fees paid by a disability insurer or an entity otherwise liable for any loss due to health insurance fraud to be deposited in the Disability Insurance Fraud Account for enhanced investigation and prosecution of disability insurance fraud. Rescinds surety insurance provisions found to be unconstitutional.

CA AB 1953 **AUTHOR:** Vargas (D)
TITLE: Public Insurance Adjusters: Contracts
URGENCY CLAUSE: no
ENACTED: 09/20/2004
CHAPTER: 600
SUMMARY:
Requires that a public adjuster contract contain specified provisions, including a provision disclosing the percentage of the insured's claim, or other fee, that the public adjuster will charge for his or her services. Requires that the adjuster obtain the initials of the insured next to this provision. Prohibits an adjuster from soliciting a contract of engagement until 7 calendar days have elapsed since the occurrence of a disaster. Provides client cancellation procedures.

CA AB 1955 **AUTHOR:** Vargas (D)
TITLE: Life Insurers: Nonprofit Mutual Benefits
URGENCY CLAUSE: no
ENACTED: 08/27/2004
CHAPTER: 376
SUMMARY:
Allows a currently for-profit domestic incorporated life insurers to be organized under provisions of law relating to nonprofit mutual benefit corporations. Provides that an insurer so organized shall have the same power held by, and shall be subject to all provisions of law regarding insurance applicable to, a domestic incorporated stock life insurer, upon approval of the Insurance Commissioner. Sets forth minimum surplus requirements for an insurer organized as a nonprofit mutual benefit corporation.

CA AB 1985 **AUTHOR:** Wolk (D)
TITLE: Insurance Claims: Forms
URGENCY CLAUSE: no
ENACTED: 07/05/2004
CHAPTER: 93
SUMMARY:
Allows an insurer to meet the requirement regarding retention of settlement checks, a claim form, and the police report arising from the theft of an insured vehicle by retaining an electronic copy of those items.

CA AB 2129 **AUTHOR:** Chavez (D)
TITLE: Insurance: Seniors: Life Insurance and Annuities
URGENCY CLAUSE: no
ENACTED: 09/27/2004
CHAPTER: 803
SUMMARY:
Makes a technical, nonsubstantive change to existing law that requires every policy of individual life insurance and every individual annuity contract that is initially delivered or issued for delivery to a senior citizen on and after July 1, 2004, to have printed thereon or attached thereto a notice regarding the owner's right to cancel the policy, by changing a

reference from insured to owner.

CA AB 2147	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Kehoe (D) Liability Insurance: Wrap-Up Policies no 09/24/2004 777 Requires an insurer under a wrap-up insurance policy for liability and workers' compensation insurance for a private construction project to report workers' compensation losses and payroll information for each contractor and subcontractor to its rating organization on a timely basis and in accordance with the uniform statistical plan. Requires an insurer to provide each contractor and subcontractor copies of that report.
CA AB 2161	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Reyes (D) Structured Settlement Transfers no 09/18/2004 582 Makes specified changes to the requirements regarding the disclosure statement of a transferee of structured settlement payment rights. Eliminates the requirement that a transferee of structured settlement payment rights provide written notice of a proposed transfer to all interested parties at certain times. Provides the requirement to file specified documents with the Attorney General to not apply to a payee who is not a resident under certain conditions.
CA AB 2185	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Frommer (D) Asthma Treatment Care no 09/23/2004 711 Requires a health care service plan that covers outpatient prescription drug benefits to provide coverage for inhaler spaces, nebulizers, and peak flow meters when medically necessary for the management and treatment of pediatric asthma.
CA AB 2199	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Kehoe (D) Fire Insurance: Indemnity yes 08/25/2004 311 Provides that under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity in fire insurance is the amount that it would cost the insured to repair, rebuild, or replace the thing lost or injured, without a deduction for physical depreciation. Extends the time period for the rebuilding/replacement of a structure. Prohibits any policy from containing a provision that limits or denies payment of the replacement cost of the insured's structure in the event the insured decides to rebuild in a location other than the original premises where the loss occurred.
CA AB 2208	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Kehoe (D) Health Care and Insurance Benefits no 09/13/2004 488 Requires a health care service plan and a health insurer to provide coverage to the registered domestic partner of an employee, subscriber, insured, or policyholder that is equal to the coverage it provides to the spouse of those persons as of 1/1/05 for individual

health insurance policies and group health insurance policies on or after 1/2/05. Extends this requirement to all other forms of insurance regulated by the Department of Insurance as of 1/1/05.

CA AB 2316 **AUTHOR:** Chan (D)
TITLE: Life Insurance: Consumer Protection
URGENCY CLAUSE: no
ENACTED: 09/28/2004
CHAPTER: 835
SUMMARY:
Creates the Life and Annuity Consumer Protection Fund in the Insurance Fund. Requires the moneys deposited therein from a fee levied against insurers based upon a \$1 fee for each new individual life insurance and annuity product worth \$15,000 or more issued to a resident of the state after 1/1/05. Provides the distribution would be for consumer protection functions and to fund local district attorneys for investigation and prosecution.

CA AB 2384 **AUTHOR:** Nakano (D)
TITLE: Life Insurance
URGENCY CLAUSE: no
ENACTED: 09/20/2004
CHAPTER: 601
SUMMARY:
Requires that the form of any policy, contract, or certificate providing life insurance or annuities issued on or after a specified date, be filed by the obligor with the Insurance Commissioner before being marketed, issued, delivered, or used. Provides an insurer licensed to transact, credit life insurance or accidental death insurance that fails to pay the proceeds of any policy issued by it within 30 days after the death of the insured shall pay interest on the death proceeds.

CA AB 2490 **AUTHOR:** Maddox (R)
TITLE: Insurance: Surplus Line Brokers: Notice
URGENCY CLAUSE: no
ENACTED: 07/05/2004
CHAPTER: 95
SUMMARY:
Allows the procedure of an agent or broker to obtain the signature on a disclosure form within 5 days for immediately binding coverage to be used for homeowner's insurance coverage. Makes specified changes to the disclosure form.

CA AB 2520 **AUTHOR:** Vargas (D)
TITLE: Self-Service Storage Agents
URGENCY CLAUSE: no
ENACTED: 09/09/2004
CHAPTER: 428
SUMMARY:
Requires self-service storage facilities and their franchisees that sell insurance in connection with, and incidental to, self-service storage rental agreements to obtain a license to do so from the Insurance Commissioner. Requires the facilities to file certain documents including a certification that the insurance company will authorize the facility to act as their agent. Requires licensees to provide specified training to their employees.

CA AB 2557 **AUTHOR:** Koretz (D)
TITLE: Insurance: Licensing
URGENCY CLAUSE: no
ENACTED: 08/23/2004
CHAPTER: 279
SUMMARY:
Makes the transaction of insurance without a valid license a misdemeanor. Requires an applicant for licensure to notify the Insurance Commissioner with any background information changes after the application was filed.

CA AB 2677 **AUTHOR:** Ridley-Thomas (D)
 TITLE: Auto Insurance: Cost Estimates
 URGENCY CLAUSE: no
 ENACTED: 09/24/2004
 CHAPTER: 765
 SUMMARY:
Requires an insurer licensed to sell personal automobile insurance to provide consumers with a cost estimate for the lowest priced policy at the limits the consumer has requested and for which the consumer is eligible. Requires the insurer to maintain a toll-free number or an Internet Web site to meet this requirement. Requires the insurer to provide the number and Web site address to the Department of Insurance.

CA AB 2709 **AUTHOR:** Levine (D)
 TITLE: Vehicle: Financial Responsibility
 URGENCY CLAUSE: no
 ENACTED: 09/29/2004
 CHAPTER: 948
 SUMMARY:
Requires the Department of Motor Vehicles to develop a method by which law enforcement officers, on and after July 1, 2006, may electronically verify that an insurance policy or bond for a motor vehicle has been issued.

CA AB 2723 **AUTHOR:** Laird (D)
 TITLE: Consumer Warranties: Service and Repair
 URGENCY CLAUSE: no
 ENACTED: 08/27/2004
 CHAPTER: 331
 SUMMARY:
Relates to consumer warranties service and repair. Requires the replacement or reimbursement of the goods if the goods cannot be serviced or repaired due to the method of installation or the goods becoming affixed to real property. Provides exceptions.

CA AB 2759 **AUTHOR:** Levine (D)
 TITLE: Health Care Coverage
 URGENCY CLAUSE: no
 ENACTED: 09/13/2004
 CHAPTER: 489
 SUMMARY:
Requires a health care service plan or health insurer issuing individual plan contracts or individual policies of health insurance and that ceases to offer individual coverage in the state to continue to provide coverage to the subscribers or policyholders who had been covered by those contracts and policies at the time of withdrawal under the certain terms and conditions. Provides exemptions for contracts with government.

CA AB 2835 **AUTHOR:** Plescia (R)
 TITLE: Health Care Professionals: Insurance Fraud
 URGENCY CLAUSE: no
 ENACTED: 08/27/2004
 CHAPTER: 333
 SUMMARY:
Provides that it shall constitute cause for revocation or suspension of a health care professional's license or certificate for the health care professional to engage in certain referrals, solicitations, or acceptances with the knowledge that or with reckless disregard for whether the individual who is being referred, solicited or accepted, or the individual or entity who is making the referral, solicitation or acceptance, intends to commit insurance fraud.

CA AB 2904 **AUTHOR:** Benoit (R)

TITLE: Auto Insurance: Express Warranties
URGENCY CLAUSE: yes
ENACTED: 06/30/2004
CHAPTER: 85
SUMMARY:

Relates to existing law that provides an express warranty warranting a motor vehicle lubricant, treatment, fluid, or additive that covers incidental or consequential damage resulting from a failure of the above shall constitute automobile insurance, unless the requirement that the obligor under the warranty be the primary manufacturer of the product. Provides a change in the definition of the term manufacture for these provisions.

CA AB 2962 **AUTHOR:** Pavley (D)
TITLE: Fire Insurance: Valuation of Loss
URGENCY CLAUSE: no
ENACTED: 09/20/2004
CHAPTER: 605
SUMMARY:

Provides that, in the case of a total loss to an insured structure under a homeowners' policy, if reconstruction of the primary insured structure is not completed by the time of policy renewal, the insurer, after consultation with the insured, may adjust limits and coverages, write an additional policy or attach an endorsement to the policy that reflects any change in the exposure to loss. Requires that the policy be renewed at least once if the house is not rebuilt by the renewal date.

CA AB 3088 **AUTHOR:** Horton J (D)
TITLE: Auto Insurance: Good Driver Discounts
URGENCY CLAUSE: no
ENACTED: 09/24/2004
CHAPTER: 787
SUMMARY:

Provides that insurers operating under common management and control are not required to sell good driver discount policies issued by other insurers within the common ownership group if specified conditions are met.

CA SB 64 **AUTHOR:** Speier (D)
TITLE: Homeowners' Insurance
URGENCY CLAUSE: yes
ENACTED: 08/27/2004
CHAPTER: 357
SUMMARY:

Requires the Department of Insurance to establish a program of mediation for disputes between insured complainants and insurers regarding residential property insurance losses, other than earthquake losses, under declared states of emergency. Sets forth specified procedures requirements for the mediation.

CA SB 598 **AUTHOR:** Machado (D)
TITLE: Confidentiality of Medical Information
URGENCY CLAUSE: no
ENACTED: 09/10/2004
CHAPTER: 463
SUMMARY:

Relates to existing law that prohibits providers of health care, health care service plans and contractors from releasing medical information to persons authorized by law to receive that information if the information relates to a patient's participation in outpatient treatment with a psychotherapist, unless a written request is submitted. Excepts from these provisions specified disclosures made for the purpose of diagnosis or treatment.

CA SB 761 **AUTHOR:** McPherson (R)
TITLE: Bail Services
URGENCY CLAUSE: no

ENACTED: 07/05/2004

CHAPTER: 104

SUMMARY:

Requires that the undertaking of bail include the bail agent license number and other specified information.

CA SB 1088

AUTHOR: Scott (D)

TITLE: Grants and Annuities Societies: Investments

URGENCY CLAUSE: no

ENACTED: 08/27/2004

CHAPTER: 381

SUMMARY:

Allows a grants and annuities society to invest in certain securities to the extent of the lesser of its net worth or 50% of its general investments.

CA SB 1181

AUTHOR: Margett (R)

TITLE: Public Officials: Bond: Insurance

URGENCY CLAUSE: no

ENACTED: 08/23/2004

CHAPTER: 273

SUMMARY:

Authorizes a government crime insurance policy or employee dishonesty insurance policy, including faithful performance, to be provided as an alternative to the official bond by any county or city, subject to approval by the presiding judge of the superior court, required to be filed in the proper office within the time prescribed for filing an oath.

CA SB 1273

AUTHOR: Scott (D)

TITLE: Insurance Misrepresentation

URGENCY CLAUSE: no

ENACTED: 09/24/2004

CHAPTER: 730

SUMMARY:

Increases penalties for misrepresentation by an insurer of the terms of a policy issued by the insurer, or to make any misrepresentation to another person for the purpose of inducing the person to take out a policy of insurance or to lapse, forfeit, or surrender insurance in a policy he or she holds. Prohibits these action with respect to any statement that is known, or should have been known, to be a misrepresentation.

CA SB 1344

AUTHOR: Margett (R)

TITLE: Insurance: Fraud: Records

URGENCY CLAUSE: no

ENACTED: 09/13/2004

CHAPTER: 490

SUMMARY:

Includes the Department of Corrections among the agencies authorized to request and receive information regarding workers' compensation fraud. Relates to investigations of insurance fraud performed by the Department of Corrections and conducted by peace officers in that department's Office of Internal Affairs to the investigations exempted from the provisions regarding the disclosure of treatment records.

CA SB 1369

AUTHOR: Kuehl (D)

TITLE: Fire Protection

URGENCY CLAUSE: no

ENACTED: 09/23/2004

CHAPTER: 720

SUMMARY:

Requires persons to remove all brush, flammable vegetation, or combustible growth that is located within 100 feet from an occupied dwelling or structure or to the property line, or at a greater distance as maybe required. Requires an owner prior to constructing a new or reconstructing a structure damaged by a fire in a very high fire hazard severity zone, to

certify to the property insurance carrier that the structure complies with fire prevention codes.

CA SB 1495 **AUTHOR:** Machado (D)
 TITLE: Insurance: Fees: Fraud
 URGENCY CLAUSE: no
 ENACTED: 07/15/2004
 CHAPTER: 160
 SUMMARY:
Requires an insurer, after notice, to reimburse any fees and extra premiums charged to an insured due to a late premium payment or a lapse in coverage under the policy if the late payment or lapse in coverage was the result of fraud committed by a licensed agent or broker and if specified events related to criminal or administrative charges against the agent or broker have occurred.

CA SB 1500 **AUTHOR:** Speier (D)
 TITLE: Vehicles: Financial Responsibility
 URGENCY CLAUSE: no
 ENACTED: 09/29/2004
 CHAPTER: 920
 SUMMARY:
Requires the Department of Motor Vehicles to suspend, cancel or revoke the registration of a vehicle when it is determined the vehicle registration was attained with false evidence of financial responsibility. Continues a low-cost automobile insurance pilot program in certain counties. Requires notification of use of electronic reporting and specifies contents of such reports relating to change, termination, amendment or cancellations.

CA SB 1855 **AUTHOR:** Alpert (D)
 TITLE: Homeowners Insurance: Liability Limits: Disclosure
 URGENCY CLAUSE: no
 ENACTED: 08/27/2004
 CHAPTER: 385
 SUMMARY:
Makes various changes to the California Residential Property Insurance disclosure (Petrus disclosure) and requires insurers to provide each insured with a Residential Property Insurance Bill of Rights.

CA SB 1872 **AUTHOR:** Denham (R)
 TITLE: Insurance: State Departments
 URGENCY CLAUSE: no
 ENACTED: 07/08/2004
 CHAPTER: 123
 SUMMARY:
Exempts the University of California from restrictions to negotiate life or disability insurance or an annuity, or to require the placing of that insurance or annuity through particular agents, brokers, or companies.

WORKERS-COMP 2004

CA AB 2866 **AUTHOR:** Frommer (D)
 TITLE: Workers Compensation: Fraud
 URGENCY CLAUSE: no
 ENACTED: 08/23/2004
 CHAPTER: 281
 SUMMARY:
Requires the Insurance Department, with respect to each person convicted of a violation of any of certain insurance fraud provisions involving workers' compensation insurance, services or benefits, to post on its Internet Web site information relating to the case and

the defendant.

CA SB 899	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Poochigian (R) Workers' Compensation yes 04/19/2004 34 Comprehensive reform package of Workers' Compensation laws.
CA AB 13 d	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Firebaugh (D) Workers' Compensation: Fraud No 07/05/2004 1 Adds any city attorney whose duties include prosecutions and any law enforcement agency investigating workers' compensation fraud to the list of authorized governmental agencies to which an insurer must release information regarding any specific workers' compensation insurance fraud investigation.
CA SB 2 d	AUTHOR: TITLE: URGENCY CLAUSE: ENACTED: CHAPTER: SUMMARY:	Speier (D) Workers' Compensation: Insurance No 09/13/2004 2 Revises the content of a specified notice from an insurer on or with a check for temporary disability payments, of acts that constitute fraud and requires the notice to be in both English and Spanish. Revises penalties for failing to secure payment of benefits. Authorizes a Department of Insurance Fraud Bureau or district attorney investigator to require an employer to provide a written statement regarding coverage.
